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June 19, 2006

John M.S. Hoefer, Esquire
Willoughby & Hoefer, P.A.
Post Office Box 8416
Columbia, SC, 29202-8416

803-737-0800
2006 JUN 19 PM 4:35
FBI

RE: Application of Tega Cay Water Service, Incorporated for Adjustment of Rates
and Charges and Modifications to Certain Terms and Conditions for the Provision
of Water and Sewer Service
Docket No. 2006-97-WS

Dear Mr. Hoefer:

Please find enclosed and served on you the Office of Regulatory Staff's Third Continuing
Data Requests in the above referenced matter. Please let me know if you have any questions.

Sincerely,


Jeffrey M. Nelson

JMN/pjm
Enclosure

cc: Mr. Charles L.A. Terreni

BEFORE
THE PUBLIC SERVICE COMMISSION
OF SOUTH CAROLINA

DOCKET NO. 2006- 97 -W/S

IN RE: Application of Tega Cay Water)
Service, Inc. for adjustment of rates)
and charges for the provision of)
water and sewer service.)
_____)

**Office of Regulatory Staff's
Third Continuing Data Request**

**TO: JOHN M. S. HOEFER, ESQUIRE, ATTORNEY FOR THE APPLICANT, TEGA
CAY WATER SERVICE, INC. ("Tega Cay" or "the company")**

INSTRUCTIONS

The Office of Regulatory Staff hereby requests, pursuant to 26 S.C. Code Regs. 103-853 (Supp. 2004), that the Applicant answer the following data requests in writing and under oath and serve the undersigned with the answer within ten (10) days after service of this Data Request at the Office of Regulatory Staff, 1441 Main Street, Suite 300, Columbia, South Carolina, 29201. If you are unable to respond to any of the data requests, or part or parts thereof, please specify the reason for your inability to respond and state what other knowledge or information you have concerning the unanswered portion.

As used in these data requests, "identify" means, when asked to identify a person, to provide the full name, title, and current address and telephone number of the person. When asked to identify or provide a document, "identify" and "provide" means to provide a full and detailed description of the document and the name and address of the person who has custody of the document. In lieu of providing a full and detailed description of a document, you may attach to your responses a copy of the document and identify the person who has custody of it. When the word "document" is used herein, it means any written, printed, typed, graphic, photographic, or electronic matter of any kind or nature and includes, but is not limited to, statements, contracts, agreements, reports, opinions, graphs, books, records, letters, correspondence, notes, notebooks,

minutes, diaries, memoranda, transcripts, photographs, pictures, photomicrographs, prints, negatives, motion pictures, sketches, drawings, publications, and tape recordings. As used in this data request, "address" means mailing address and business address.

Wherever in this data request a masculine pronoun or possessive adjective appears, it refers to both males and females in accordance with traditional English usage.

IT IS HEREIN REQUESTED:

- A. That all information shall be provided to the undersigned in the format as requested.
- B. That all responses to the requests below be labeled using the same numbers as used herein.
- C. That each of the enumerated data requests be reproduced at the beginning of each of the responses.
- D. That if the requested information is found in other places or in other exhibits, reference not be made to those, but instead, that the information be reproduced and placed in the data request in the appropriate sequence.
- E. That any inquiries or communications relating to questions concerning clarifications of the data requested below be directed to the undersigned.
- F. That all exhibits be reduced to 8 ½" x 11" format, where practical.
- G. That the requested information be bound in ring binders (loose leaf notebooks) or otherwise suitably bound.
- H. That in addition to the signature and verification at the close of the Company's responses, the Company witness(es) or employee(s) responsible for the information contained in each response be indicated.
- I. That the Company provide to the Office of Regulatory Staff two copies of the responses to this data request, in addition to providing responses in an electronic format, as soon as possible but no later than ten (10) days after service thereof.
- J. If the response to any data request is that the information requested is not currently available, please state when the information requested will be available.

- K. This data request shall be deemed to be continuing so as to require the Company to supplement or amend its responses as any additional information becomes available.

QUESTIONS

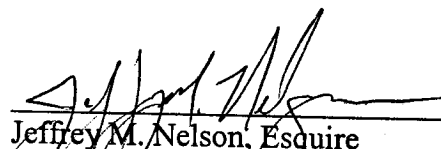
All questions reference the pre-filed direct testimony of Pauline M. Ahern as filed with the Public Service Commission of South Carolina on June 8, 2006.

- 3.1 With reference to page 16, lines 7-14, please provide copies of all source documents, data and workpapers used in the calculation of the 40.90% common equity ratio. Please provide the data in hard copy and electronic formats (Microsoft Excel), with all data and equations left intact.
- 3.2 With reference to page 28, lines 1-26 please (a) list all regulatory cases (by name, docket number, and filing date) in which Ms. Ahern has provided rate of return testimony and proposed the market value – book value adjustment, (b) indicate all cases (by name, docket number, and date) in which a regulatory commission has adopted Ms. Ahern’s market value – book value adjustment in arriving at an overall rate of return, and (c) provide copies of the ‘Rate of Return’ section of the Commission’s decisions for all cases in which a regulatory commission has adopted the adjustment.
- 3.3 With reference to page 35, lines 1-12, please provide copies of all source documents, data and workpapers used in the calculation of the 6.7% bond yield. Please provide the data in hard copy and electronic formats (Microsoft Excel), with all data and equations left intact.
- 3.4 With reference to page 35, lines 13-27, please provide copies of all source documents, data and workpapers used in the calculation of the 200 basis point premium or premium floor over the 6.7% bond yield. Please provide the data in hard copy and electronic formats (Microsoft Excel), with all data and equations left intact.
- 3.5 With reference to page 47, lines 1-30, please provide copies of all source documents, data and workpapers that support the .25/.75 weights, as shown on line 26, in the ECAPM.
- 3.6 With reference to page 51, lines 16-29, please provide copies of all studies used to support the ECAPM when using adjusted betas.
- 3.7 With reference to page 56, lines 1-27, please (a) list the filters that are applied using the Value Line Investment Analyzer in applying the Comparable Earnings approach, and (b) identify all data items from the Value Line Investment Analyzer that are employed in the Comparable Earnings study. In providing this information,

please specify whether standard queries and data sets were used. If standard queries and data sets were not used, please explain the queries and data sets that were used. Please specify whether the calculations were performed on the data after it was obtained or were made by the Value Line Investment Analyzer.

- 3.8 With reference to page 64, lines 1-5, please indicate exactly how the 30 basis point adjustment was determined for the business risk adjustment.
- 3.9 With reference to page 65 lines 6-15, please indicate exactly how the 20 basis point adjustment was determined for the financial risk adjustment.
- 3.10 With reference to Schedule PMA-1, please provide all source documents, data and workpapers used in computing the cost rate for total debt. Please provide an electronic (Microsoft Excel) copy of the data, with all data and equations intact. In providing this information, please specify whether these calculations were provided to Ms. Ahern by the Applicant, its parent company, or any of its affiliated companies, or whether the calculations were made by Ms. Ahern independently.
- 3.11 Please provide electronic (Microsoft Excel) copies of the following schedules, with all data and equations intact. For Schedules which use data that is either not explicitly presented in the schedules or is based upon calculations not explicitly presented in the schedules, please provide electronic copies of this data as well.
- (a) Schedule PMA-1, pages 1-5,
 - (b) Schedule PMA-3 (pages 1-3, including the individual company data),
 - (c) Schedule PMA-4 (pages 1-3, including the individual company data),
 - (d) Schedule PMA-5,
 - (e) PMA-6,
 - (f) Schedule PMA-9 (pages 1-7, including the individual company data),
 - (g) Schedule PMA-10 (pages 1-9, including the individual company data),
 - (h) Schedule PMA-11 (pages 1-3, including the individual company data),
 - (i) Schedule PMA-12 (pages 1-6).

June 19, 2006



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